



REPLY TO  
ATTENTION OF

**DEPARTMENT OF THE ARMY**  
HEADQUARTERS, UNITED STATES ARMY FORCES COMMAND  
1777 HARDEE AVENUE SW  
FORT MCPHERSON, GEORGIA 30330-1062

AFLG-PR

14 February 2001

**MEMORANDUM FOR ALL FORSCOM DOCS**

**SUBJECT: Contracting Information Letter (CIL) 01-13**

**1. This CIL contains information on the following subjects:**

- a. Effect of Section 806, Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 on Research, Development, Test and Evaluation (RDT&E).
- b. Use of the Government Commercial Purchase Card.
- c. Transportation of Supplies from CONUS Sources to Overseas by the Defense Transportation System (DTS) Airlift when Supplies are purchased with the Government Purchase Card (GPC).
- d. 1099M Tax Reporting for Convenience Check Accounts.

**2. Effect of Section 806, Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 on Research, Development, Test and Evaluation (RDT&E).**

- a. Reference memorandum, SAAL-PP, dated January 29, 2001, SAAB (encl 1).
- b. Section 806 legally applies only to conventional ammunition acquisitions funded with Procurement appropriations and not RDT&E appropriations. Policy dated May 15, 2000 that implements Section 806 follows a total systems approach. This requires Section 806 determination for acquisitions that significantly affect who will be the supplier. (Please see enclosure 1 for the sequence of events for these acquisitions.)
- c. The Defense Acquisition System is transitioning from the model described in the 1996 version of DODD 5000.2R to the model described in the October 23, 2000, version of DOD Instruction 5000.2. Section 806 Determinations should be executed before Milestone II, Engineering and Manufacturing Development (EMD), under the 1996 version and before Milestone B, System Development and Demonstration, under the October 23, 2000, version.

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d. For systems that have already passed these milestones, a section 806 Determination is still required. Program Managers shall forward their acquisition strategy/plan and risk assessment (which includes industrial capability as one factor) to the Deputy for Ammunition for review at the first opportunity, and may not proceed with further contractual acts until the determination is completed.

3. Use of the Government-wide Commercial Purchase Card.

a. Reference memorandum dated December 4, 2000, SAB (Enclosure 2).

b. The Federal Acquisition Regulation (FAR), at 13.301, authorizes several uses of the Government-wide Commercial Purchase Card including placement of a task or delivery order if authorized in the basic contract, basic ordering agreement, or blanket purchase agreement. Designated individuals may use the purchase card to place orders for supplies and services covered by Indefinite-Delivery Indefinite-Quantity contracts, Federal Supply Schedule contracts, Blanket Purchase Agreements, and other ordering instruments that may be accessible via electronic malls, such as the DoD E-mail and GSA Advantage, when the contractor has agreed to accept the card.

c. You are urged to take advantage of this simplified acquisition process when you deem it to be consistent with good business practices. You are also encouraged to consider the many small businesses that are accessible via the electronic malls. Remember to comply with the FAR Part 4, and Defense FAR Supplement Part 204, reporting requirements for purchases that exceed \$25,000 in value.

4. Transportation of Supplies from CONUS Sources to Overseas by the Defense Transportation System (DTS) Airlift when Supplies are Purchased with the Government Purchase Card (GPC).

a. Reference memorandum SAAL-PI, Dated October 20, 2000, SAB (see enclosure 3).

b. The United States Transportation Command requested that the DOD Purchase Card Joint Program Management Office assist them in reducing the number of purchase card shipments arriving at DTS aerial ports improperly packaged and documented for air shipment. They also indicated that hazardous material, purchased with the purchase card was being received at the DTS aerial ports in a manner unsuitable and unapproved for air movement. These problems have proven to be expensive, both in fiscal and manpower costs to the Air Mobility Command (AMC). Additionally, the end users are experiencing delays in obtaining needed supplies.

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c. In order to assist them in correcting these deficiencies, it is requested that all DOD service components and Defense Agencies take the necessary action to ensure that current purchase card training is enhanced to address the concerns of AMC (see enclosure 3 for specific instructions to be incorporated into current purchase card training programs).

5. 1099M Tax reporting for Convenience Check Accounts. Reference memorandum SAAL-PI, dated December 12, 2000, Subject: 1099M Tax Reporting for Convenience Check Accounts (see enclosure 4). DFAS-Columbus currently provides 1099M tax reporting on all purchase card transactions and has recently developed a process by which they can perform the required tax reporting to the IRS for Convenience Checks payments should the account holder wish to utilize their service. In order to use this service, the enclosed data collection/reporting requirements must be provided to DFAS-Columbus (see enclosure 4).

6. For additional information please contact Gwendolyn S. Miles at DSN 367-5486 or e-mail [milesgwen@forscom.army.mil](mailto:milesgwen@forscom.army.mil).



TONI M. GAINES

Acting Chief, Contracting Division, DCSLOG  
Acting Principal Assistant Responsible  
for Contracting

4 Encls  
as



REPLY TO  
ATTENTION OF

SAAL-PP

DEPARTMENT OF THE ARMY  
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY  
ACQUISITION LOGISTICS AND TECHNOLOGY  
103 ARMY PENTAGON  
WASHINGTON DC 20310-0103

29 JAN 2001

FEB 05 2001

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Effect of Section 806, Strom Thurmond National Defense  
Authorization Act for Fiscal Year 1999 on Research, Development,  
Test and Evaluation (RDT&E)

Section 806 legally applies only to conventional ammunition acquisitions funded with Procurement appropriations and not the Research, Development, Test and Evaluation (RDT&E) appropriation. However, the May 15, 2000, policy that implements Section 806 follows a total systems approach. This requires Section 806 Determinations for acquisitions that significantly affect who will be the supplier. For these acquisitions, the sequence of events is: Decide on a technical approach, prepare an Industrial Capability Assessment in accordance with DoD Directive 5000.60, prepare a Risk Assessment in accordance with DoD 5000.2R, make a Section 806 Determination and then award development that narrows production sources. The May 15, 2000, policy already requires an Industrial Capability and a Risk Assessment before a Section 806 Determination.

There is a point in the acquisition process after which the Section 806 Determination no longer has any meaningful effect. The Defense Acquisition System is transitioning from the model described in the 1996 version of DoDD 5000.2R to the model described in the October 23, 2000, version of DoD Instruction 5000.2. Section 806 Determinations should be executed before Milestone II, Engineering and Manufacturing Development (EMD), under the 1996 version and before Milestone B, System Development and Demonstration, under the October 23, 2000, version.

For systems that have already passed these milestones, a Section 806 Determination is still required. Program Managers shall forward their acquisition strategy/plan and risk assessment (which includes industrial capability as one factor) to the Deputy for Ammunition for review at the first opportunity, and may not proceed with further contractual actions until the determination is completed.

Kenneth J. Oscar  
Acting Assistant Secretary of the Army  
(Acquisition, Logistics and Technology)



ACQUISITION AND  
TECHNOLOGY

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON  
WASHINGTON DC 20301-3000

DECEMBER 4, 2000

MEMORANDUM FOR SERVICE ACQUISITION EXECUTIVES  
DIRECTORS, DEFENSE AGENCIES

SUBJECT: Use of the Governmentwide Commercial Purchase Card

The purpose of this memorandum is to highlight one application currently available for use of the Governmentwide commercial purchase card. The card continues to be one of the most popular simplified acquisition tools, and we encourage its use as part of our continuing efforts to reduce administrative lead times and costs through acquisition reform.

The Federal Acquisition Regulation (FAR), at 13.301, authorizes several uses of the Governmentwide commercial purchase card including placement of a task or delivery order if authorized in the basic contract, basic ordering agreement, or blanket purchase agreement. Thus, appropriately designated individuals may use the card to place orders for supplies and services covered by Indefinite-Delivery Indefinite-Quantity contracts, Federal Supply Schedule contracts, Blanket Purchase Agreements, and other ordering instruments that may be accessible via electronic malls, such as the DoD EMail and GSA Advantage, when the contractor has agreed to accept the card.

I urge you to take advantage of this simplified acquisition process when you deem it to be consistent with good business practices. As you do so, I encourage you to consider the many small businesses that are accessible via the electronic malls. Remember, as well, to comply with the FAR Part 4, and Defense FAR Supplement Part 204, reporting requirements for purchases that exceed \$25,000 in value.

Deidre A. Lee  
Director, Defense Procurement



October 20, 2000

SAAL-PI

MEMORANDUM THRU DIRECTORS OF DEFENSE AGENCIES  
DEPUTY FOR ACQUISITION AND BUSINESS  
MANAGEMENT, ASN (RD&A) /ABM  
DEPUTY ASSISTANT SECRETARY OF THE AIR  
FORCE (CONTRACTING), SAF/AQC  
DEPUTY ASSISTANT SECRETARY OF THE ARMY  
(PROCUREMENT)

FOR GOVERNMENT PURCHASE CARD AGENCY/ORGANIZATION  
PROGRAM COORDINATORS

SUBJECT: Transportation of Supplies from CONUS Sources to Overseas by the Defense Transportation System (DTS) Airlift when Supplies are Purchased with the Government Purchase Card (GPC)

The United States Transportation Command requested that the DoD Purchase Card Joint Program Management Office assist them in reducing the numbers of purchase card shipments arriving at DTS aerial ports improperly packaged and documented for air shipment. They also indicated that hazardous material, purchased with the GPC was being received at the DTS aerial ports in a manner unsuitable and unapproved for air movement. These problems have proven to be expensive, both in fiscal and manpower costs to the Air Mobility Command (AMC). Additionally, the end users are experiencing undue delays in obtaining their needed supplies.

In order to assist them in correcting these deficiencies, we are requesting that all DoD service components and Defense Agencies take the necessary action to ensure that current purchase card training is enhanced to address the concerns of AMC. Specifically the following instructions need to be incorporated into current purchase card training programs:

- a. "When GPC purchases will be transported to an overseas location by Air Mobility Command aircraft, the destination organization name, location, DoD Activity Address Code (DODAAC), Transportation Account Code (TAC), and the in-the-clear address of the destination organization are required on the package label prepared by the GPC purchase source in CONUS."

<![endif]>

- b. All hazardous materials must be properly packaged/prepared and certified in a manner authorized for military air shipment before arrival at the military aerial port, if this is not possible, then another mode of transportation should be selected."

These instructions should be incorporated into existing cardholder training programs immediately in order to prevent future occurrences of this problem. Your cooperation in helping to resolve this problem is greatly appreciated.

//signed//

BRUCE E. SULLIVAN  
Director, Purchase Card Joint  
Program Management Office

CF:  
USTC

December 12, 2000

SAAL-PI

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (ACQUISITION,  
LOGISTICS AND TECHNOLOGY)  
ASSISTANT SECRETARY OF THE NAVY (RESEARCH,  
DEVELOPMENT AND ACQUISITION)  
ASSISTANT SECRETARY OF THE AIR FORCE  
(ACQUISITION)  
DIRECTORS, DEFENSE AGENCIES

SUBJECT: 1099M Tax Reporting for Convenience Check Accounts

Law requires DoD to report to the Internal Revenue Service (IRS), payments made to its contractors/merchants. Special procedures have been developed by the Defense Finance and Accounting Service (DFAS), in collaboration with the Defense Manpower Data Center (DMDC) and the two card-issuing banks to collect, consolidate, and report the required data to the IRS on routine card transactions without assistance from the Department's 250K card officials. Unfortunately, the procedure for card transactions does not apply to convenience check payments made to vendors. Key data on convenience check payments (e.g., the payee's name, address and tax identification number) cannot be obtained from the card-issuing banks and, therefore, cannot be captured and forwarded to the IRS in an automated manner.

DFAS – Columbus currently provides 1099M tax reporting on all purchase card transactions and has recently developed a process whereby they can perform the required tax reporting to the IRS for Convenience Check payments should the account holder wish to utilize their services. In order to use this service, the enclosed data collection/reporting requirements must be provided to DFAS – Columbus.

The tax reporting deadline for the 1099M to be mailed to the vendor is January 31, 2001. In order to meet this deadline, DFAS must have your completed convenience check data by January 5, 2001. The electronic reporting to the IRS is accomplished from the same data after the mailing has been done. Obviously, this requires account holders to act quickly to provide the necessary information to DFAS. Account holders should immediately forward data for all convenience checks written between January 1, 2000 through the date of this memorandum. Any convenience checks written after initial data submission during the balance of calendar year 2000 must be submitted to DFAS no later than January 5, 2001.

Should account holders choose not to use this service, they are liable for issuance of the 1099M to the vendor and the electronic file to the IRS in the proper format. If this is not done, the command is responsible for any tax fines levied by the IRS for not reporting. This fine can be \$50 per required 1099M.



DFAS had hoped to have in place a web page that would facilitate the collection of calendar year 2000 1099M data. Unfortunately, technical difficulties have delayed the "standing up" of this site until early 2001.

Your prompt attention to the enclosed document is greatly appreciated.

//signed//

Bruce E. Sullivan  
Director, Purchase Card Joint  
Program Management Office

Enclosure

CF:

Under Secretary of Defense (Acquisition & Technology)

Under Secretary of Defense (Comptroller)

Assistant Secretary of the Army (Financial Management & Comptroller)

Assistant Secretary of the Air Force (Financial Management & Comptroller)

Assistant Secretary of the Navy (Financial Management & Comptroller)

Director, Defense Finance and Accounting Office

Directors, DoD Field Activities

**CONVENIENCE CHECK  
1099 MISC DATA COLLECTION/REPORTING REQUIREMENTS  
Calendar Year (CY) 2000**

**GENERAL**

IRS 1099M reporting requirements that apply to conventional Government Purchase Card payments are also applicable to convenience checks payments made by Departmental cardholders. Therefore, before making a payment for services rendered using a convenience check, the check issuer is required to collect the payee's Tax Identification Number (TIN). If you are unsure of what is classified as a service by the IRS, it is best to obtain the TIN for each payee you write a check to.

If the cardholder chooses to use DFAS for the submission of IRS Form 1099M for convenience check payments made during CY 2000, cardholders may submit the required data to generate the form(s) using either of the following two options:

**Option 1:**

DFAS has developed a stand-alone software program that will allow you to enter the data and forward to DFAS for automated reporting. This program has been approved by DFAS security for DFAS users and by Air Force C3I for use by the Air Force. DFAS users must use the program. Other users may make a determination as to acceptability of this option or use option 2. You can forward your request to DFAS for their executable program with instructions for loading and using. Your request must include your name, e-mail address, and phone number. Your computer configuration must consist of Windows 95/NT or higher with e-mail access. If your PC does not fit this configuration, please notify DFAS when making your request and an alternative method for data submission will be made available to you.

**Option 2:**

DFAS has created an Excel spreadsheet to collect your data. Convenience check account holders can compile that data on the spreadsheet and submit via e-mail or computer disk immediately for convenience checks written between January 1, 2000 and the date of receipt of this memo to allow enough time for DFAS to manually input your data into their system. **ONLY CHECKS WRITTEN DURING THE CALENDAR YEAR 2000 ARE APPLICABLE TO THESE PROCEDURES (NOT FISCAL YEAR).** This includes all checks written between January and December even if the checks have not been cashed or received by the recipient.

Any checks written after initial data submission and December 31, 2000 must be submitted to DFAS no later than January 5, 2001. **ONLY INCLUDE DATA FOR NEWLY WRITTEN CHECKS. DO NOT CONSOLIDATE DATA FOR THESE CHECKS WITH PREVIOUS DATA SUBMITTED.**

**Summary:**

Partial/incomplete entries will not be accepted by DFAS. They also will not process incorrect TINs (i.e., entries with all 1s or 9s). DFAS will verify all TINs with the IRS. Any invalid TINs will be returned to the originating convenience check account-holder for correction. DFAS will also answer questions from the recipients and will make any necessary corrections to both the 1099M and to the IRS.

Account holders can contact DFAS to make arrangements for the appropriate data submission option through one of the following methods:

1. Send an e-mail request to: [cco.checks@dfas.mil](mailto:cco.checks@dfas.mil)
2. Fax your request to: ATTN: Gayla Vincent, DFAS-BKFPC/CC  
(614) 693-5452
3. Mail a written request to:

Defense Finance and Accounting Service  
P.O. Box 182317  
Columbus, OH 43218-2317  
ATTN: Gayla Vincent, DFAS-BKFPC/CC